



USG Tech Solutions Limited

2012 - 2013
14TH ANNUAL REPORT



USG Tech

Futuristic Solutions...

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CORPORATE INFORMATION**Board of Directors**

Mr. Servesch Gupta-Whole Time Director
Mr. Satish Kumar Gupta
Mr. Umesh Bhat
Mr. Anil Kumar Gupta
Mr. Umesh Sharma

Registrar and Transfer Agent

M/s Bigshare Services Private
Limited, E-2/3, Ansal Industrial
Estate, Sakivihar Road, Sakinaka,
Andheri (East), Mumbai - 400 072

Company Secretary

Ms. Mala Sharma

Auditors

M/s PVR-N & Co.,
Chartered Accountants

Registered Office

H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet
near Kavuri Hills Phase 2 Madhapur
Hyderabad – 500081.

Bankers

HDFC Bank, New Delhi
HDFC Bank, Noida
IDBI Bank, New Delhi
YES Bank, New Delhi

14th Annual General Meeting on Thursday, the 26th day of September, 2013 at 16:00 Hrs at
H.No. 1/95/1/5-6 2nd Floor Guttala Begumpet near Kavuri Hills Phase 2 Madhapur, Hyderabad – 500081

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the Members of USG Tech Solutions Limited is scheduled to be held on Thursday, the 26th day of September, 2013 at 16:00 Hrs at the Registered Office of the Company at H.No. 1/95/1/5-6, 2nd Floor, Guttala Begumpet, near Kavuri Hills, Phase 2, Madhapur, Hyderabad - 500081, to transact the following business:

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and Profit & Loss Account for the period from 1st April, 2012 to 31st March, 2013 together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Anil Kumar Gupta, who retires by rotation and being eligible, seeks re-appointment.
3. To appoint a Director in place of Mr. Umesh Sharma, who retires by rotation and being eligible, seeks re-appointment.
4. To appoint Statutory Auditors of the Company, to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

"RESOLVED THAT M/s PVR-N & Co., Chartered Accountants, retiring Auditors of the Company, be and are hereby re - appointed as the Statutory Auditors of the Company to hold office from the date of conclusion of ensuing Annual General Meeting till the date of conclusion of the next Annual General Meeting of the Company on such remuneration as may be mutually agreed upon among themselves."

For and on behalf of the Board
USG Tech Solutions Limited

Noida, 27th August, 2013

Sd/-
Mala Sharma
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy in order to be effective must be deposited with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of Board Resolution authorizing the representatives to attend and vote in the General Meeting.
4. Pursuant to section 154 of the Companies Act, 1956, the Registrar of the Members and the Share Transfer Books of the Company will remain closed from Friday, the 20th day of September, 2013 to Thursday, the 26th day of September, 2013 (both days inclusive).
5. Queries proposed to be raised at the Annual General Meeting may be sent to the Company at its registered office at least seven days prior to the date of Annual General Meeting to enable the management to compile the relevant information to reply the same in the meeting.
6. Members are requested to notify any change in their address, if any to the Registrar & Share Transfer Agent of the Company - M/s Bigshare Services Pvt. Limited, E-2/3 Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri, Mumbai (East) - 400 072 in respect of the Physical Shares and to the Depository Participant in respect of the shares held in Demat form.
7. The Copies of Memorandum and Article of Association of the Company, and all other documents referred in the Notice etc., shall be available for the inspection at the Registered Office of the Company on any working day between 11:00 Hrs to 14: 00 Hrs up to the date of Annual General Meeting and also at the venue of Meeting.
8. In case of Joint holders attending the meeting, only such Joint holder who is higher in the order of names will be entitled to vote. Pursuant to provisions of Section 109A of the Companies Act, 1956 every member or Joint holder (s) may nominate in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the Joint holders.
9. Members are requested to notify their particulars including e-mail Id for updating the records in the performa enclosed with proxy/attendance slip.
10. Members are requested to fill in the attendance slip for attending the meeting and those who hold shares in dematerialised form to bring their client ID and depository participants ID number for identification for attendance at the meeting.
11. Members/Proxies are requested to bring their copy of Annual Report and Attendance Slips duly filled in and signed for attending the Meeting.
12. The Register of Contract, maintained under Section 301 of the Companies Act, 1956 will be available for inspection by the members at the registered office of the Company.
13. The Registers of Director's Shareholding maintained under Section 307 of the Companies Act, 1956 shall be available for inspection by the members at the AGM during the meeting.

For and on behalf of the Board
USG Tech Solutions Limited

Sd/-
Mala Sharma
Company Secretary

Noida, 27th August, 2013

ANNEXURE TO NOTICE

Information under clause 49 of the Listing Agreements regarding the Directors seeking re-appointment in the Annual General Meeting

Particulars	Mr. Anil Kumar Gupta	Mr. Umesh Sharma
Educational Qualification	Post Graduate	CAIIB
Experience & expertise in specific functional area	32 year Experience in field of Real Estate development & construction.	Experience in Banking Operation.
Name of Companies in which the person holds directorship	RAS Developments Pvt Ltd Vatika Infrastructures Pvt Ltd RAS Buildwell Pvt Ltd RAS Infra Projects Pvt Ltd USG Promoters Pvt Ltd Zoomshot Entertainment Pvt Ltd	ADS Projects & Systems Private Limited
Name of Companies in which the person holds membership of Committee	NIL	NIL
Shareholding in the Company (Number & %	NIL	NIL

Directors' Report

Dear Members,

Your Directors are delighted to present the 14th Annual Report on the business and operations for the Financial Year ended 31st March, 2013:

Financial & Operational Highlights :*(Rs. In Lacs)*

PARTICULARS	Year ended 31st March, 2013	Year ended 31st March, 2012
Income	644.88	2029.57
Expenditure	640.02	1983.03
Profit Before Tax	4.86	46.54
Provision For Tax	0.72	13.69
Profit Before Deferred Tax	4.14	32.85
Provision For Deferred Tax	0.78	6.07
Net Profit After Taxation	3.36	26.78
Equity Share Capital (F.V Rs.10 each)	339.64	305.00
Reserve & Surplus	194.67	191.68
Basic Earning per Share	0.01	0.09

Year in Retrospect

During the year under review, the Company's Gross turnover reduced marginally from 2029.57 Lacs previous year to 644.88 Lacs current year. The Current years working resulted into a profit of Rs 3.36 Lacs as compared to Rs 26.78 Lacs in the immediately preceding previous year. Your Directors are putting in their best efforts to improve the performance of the Company.

Material Changes etc.

The Board of Directors in their meeting held on 1st April, 2013 allotted 54,50,000 fully paid Equity Shares of Rs 10/- (Rupees Ten only) each to various strategic investors on the conversion of Warrants, also allotted 34,63,410 fully paid equity shares to M/s RIS Group Ltd, by way of preferential allotment at their meeting held on 20th November, 2012.

Dividend

In order to strengthen the fundamentals of the Company, your Directors decided that it would be prudent to plough back the profits of the Company and accordingly the Board has not recommended any dividend for the year under review.

Public Deposits

During the year under report, your Company did not accept any deposits from the public in terms of the provisions of section 58A & 58AA of the Companies Act, 1956.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

a. **Conservation of Energy & Technology Absorption:** Since the Company is not engaged in any manufacturing activity, issues relating to conservation of energy and technology absorption are not quite relevant to its functioning.

- b. **Export Activities:** During the year under review, the Company has undertaken Offshore activities for software customization.

- c. **Foreign Exchange Earnings and Outgo :** (Rs. In Lacs)

Particulars	2012-13	2011-12
Total Foreign Exchange earnings	168.02	NIL
Total Foreign Exchange outgo	587.14	NIL

Particulars of Employees

During the financial year under review, none of the Company's employees was in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and hence no particulars are required to be disclosed in this Report.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Anil Kumar Gupta & Mr. Umesh Sharma, Directors of the Company, retires by rotation and being eligible, seeks re-appointment.

Brief details of the Directors seeking appointment/re-appointment as stipulated under Clause 49 of the Listing Agreement with the stock exchange is enclosed with the Notice.

During the year under review Mr Prem Gupta, Managing Director of the Company has resigned from the Board w.e.f. 6th May, 2013

Auditors

M/s PVR-N & Co., Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under section 224(1) of the Companies Act, 1956 regarding their eligibility for the proposed re-appointment has been obtained from them. Your Directors recommend their re-appointment.

Auditors' Report

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification

Directors' Responsibility Statement

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your Directors confirm that:

- a. in preparation of the annual accounts, the applicable accounting standards have been followed;
- b. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;

- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d. the Directors have prepared the Annual Accounts on a going concern basis.

Corporate Governance

The Company is committed to adopt the best practices in Corporate Governance, which is guided by the principles of conducting the business in a responsible, transparent and ethical manner so as to protect the interest of all stakeholders. As per Clause 49 of the Listing Agreement, a separate Section on Corporate Governance forms part of the Annual Report.

A certificate from Statutory Auditors with regard to the compliance of the Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, is also annexed to this Report.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the year, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are presented in a separate section forming part of the Annual Report.

Listing

The Equity Shares of the Company are listed at the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Ltd. The Listing fees for the financial year 2013-14 have been paid to the Bombay Stock Exchange Limited.

Acknowledgment

Your Directors take this opportunity to place on record their sincere appreciation for the co-operation and assistance the Company has received from Banks and various Government Departments. The Board also places on record its appreciation of the devoted services of the employees; support and co-operation extended by the valued business associates and the continuous patronage of the customers of the Company.

By Order of the Board
USG Tech Solutions Limited

Noida, 27th August, 2013

Sd/-
Satish Kumar Gupta
Director

Sd/-
Servesch Gupta
Director

Annexure to the Director's Report

Auditor's Certificate on compliance with the conditions of Corporate Governance under clause 49 of the listing Agreement(s).

The Board of Directors
USG Tech Solutions Limited
Noida

We have reviewed the records concerning the Company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchange(s) in India, for the financial year ended on 31st March 2013.

The compliance of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the Company.

Based on such a review to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

On the basis of Certificate issued by the Registrar and Share Transfer Agent of the Company and the Minutes of Meetings of the Shareholders/ Investors Grievance Committee of the Company, we state that, there was only one investor grievance pending against the Company for a period exceeding one month.

We further state that, such compliance is neither an assurance as to the future viability of the Company, nor as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For PVR-N & Co.
Chartered Accountants,
Firm Regn. No. 004062N

Place: New Delhi
Date: 29th May, 2013

Sd/-
Pradeep Kumar Jindal
Partner
M.No. 082646

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**Cautionary Statement**

The Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence Company's operations such as Government policies, economic development, political factors and such other factors beyond the control of the Company.

Overview and brief Background

Crafted to perform, USG Tech is more than a singular avenue for payment processing system, it represents the ambition to connect, the ability to integrate and the freedom to move beyond the hassles of prior systems. USG Tech was brought to life by individuals who imagine a seamless system that allows complete freedom and guarantees a greater performance capability.

Bringing together the merchants, banks, financial institutions, corporate companies and other modes of transaction activities on a singular platform, USG Tech is a one stop destination for a secure network for growth oriented services. Combining state-of-the-art technology with the ambition to streamline the business processes throughout the country, USG Tech equips businesses and organizations to stay in control of payment processing, point of sale systems, reward and loyalty programs and all other related business processes.

The multi-functional feature of USG Tech payment systems allow product manufacturers to stay linked to the traders, the banks to their customers, the government to the various trading points, the corporate houses to their branched processes and merchants to their customers.

Spread across multiple channels USG Tech's strategic solutions are capable of communicating across broadband, GPRS, Wi-Fi and dial-up along with supporting several third-party VAA's (Value Added Applications).

IT Industry Scenario

The IT Industry is facing major challenges and opportunities, and currently undergoing a metamorphosis. Protectionist policies arising out of a highly weakened economic environment, stringent visa regulations, intense competition amongst vendors, and emergence of other low cost destinations are challenging the current business models. Further, with the end of the tax holiday, application of MAT on SEZs and spiraling inflation, the industry has to literally reinvent itself in order to remain relevant and continue to provide the returns expected.

It had seen an increased preference for onshore locations and other lower cost centers in past year, primarily to tap into the local talent, as well as to provide customers with more options and stronger capabilities.

The next decade is expected to be vastly different from the previous one, in which business models will undergo transformation and new models will emerge. The labor arbitrage may not be sustainable beyond a few more years. The business model of the future will be driven by the need to change the profit per employee equation and increasingly bring in "non-linearity". Building capabilities in new technologies like smart computing, cloud computing, mobility and analytics, and investing in the creation of delivery accelerators and IP will enable vendors to rapidly deliver business-impacting solutions and value to their clients. To remain competitive and profitable, organisations must increase operational efficiencies, and reinvent and embrace new business models which will offer customers a transformed business proposition.

Net Sales/ Income From Operations (Rs in Lacs)

